2025 · WHAT ISSUES SHOULD I CONSIDER DURING A RECESSION OR MARKET CORRECTION?

TOBIAS FINANCIAL ADVISORS

CASH FLOW ISSUES	YES	NO
Will your cash flow be tight? If so, consider the following: ■ Reexamine your budget looking for areas to reduce spending, especially discretionary expenses. ■ Fund any shortfalls strategically, using the most advantageous source of cash. ■ You may need to prioritize your obligations, and take advantage of opportunities to extend due dates or alter payment schedules, minimizing fees, penalties, and any negative impact upon your credit.	☐	☐
Do you need to review or increase your emergency fund? If so, evaluate the size of your fund and assess the number of months that it can support your living expenses.	☐	☐
Have you experienced a disruption in your employment? If so, and you were laid off from work through no fault of your own, you may be eligible for unemployment benefits.	☐	☐
Were you planning to retire in the near future? If so, consider the following: ■ Review your options to make sure you are still comfortable with retiring or if you would prefer to work a little longer. ■ Review your budget, and possibly reduce spending in non-essential categories in the first few years of retirement.	☐	☐
Are you taking a distribution from an investment or retirement account? If so, consider the impact of changing your distribution schedule to protect accounts (defer remaining distributions until the end of the year or spread the distributions over the rest of the year).	☐	☐

ASSET & DEBT ISSUES	YES	NO
Do you have a mortgage or debts? If so, consider whether you should refinance any debts now if interest rates are low.	☐	☐
Do you want to rebalance your investment and retirement accounts? If so, consider the following: ■ Revisit your target asset allocation and overall investment philosophy. ■ Identify holdings that you have retained only because of their low basis, and consider reducing your position while valuations are low, minimizing realized gains. ■ As always, exercise discretion and discipline, taking a long-term view and prudent action.	☐	☐
Do you have extra cash that is not earmarked for an upcoming expenditure? If so, consider investing it to take advantage of low valuations.	☐	☐
Do you typically make contributions to a traditional IRA or Roth IRA? If so, consider making a contribution now, to take advantage of low valuations.	☐	☐
Are you a small business owner? If so, you may be eligible for a small business loan, or other forms of federal, state, and community relief.	☐	☐

TAX PLANNING ISSUES	YES	NO
Do you have a traditional 401(k) or IRA? If so, converting some of the assets into a Roth IRA could be beneficial while valuations are low. If you are laid off, you may have more room in your tax bracket to do Roth conversions.	☐	☐
Do you have any assets with a tax loss? If so, consider harvesting the loss, which could reduce your tax liability.	☐	☐

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LONG-TERM PLANNING ISSUES	YES	NO
Do you have an annual gifting strategy in place to pass assets to your heirs? If so, consider gifting assets (up to $19,000, per person, gift tax-free) now, while valuations are low, and while support may be particularly helpful to the donee.	☐	☐
Are you in a position to help family members in need of financial assistance? If so, consider making intrafamilial loans if the AFR is low. This avoids gift tax, locks in a favorable interest rate for the borrower, and can act as an "advance" on an inheritance when structured with your heirs.	☐	☐
Do you need to update your estate plan? If so, consider the following: ■ Review the impact of any change in asset values upon the ultimate distribution of your estate including probate and non-probate assets. ■ Consider implementing wealth transfer techniques that take advantage of low valuations and rates (such as GRATs, CLATs, IDGTs, and private annuities). ■ Reference the "What Issues Should I Consider Before I Update My Estate Plan?" checklist.	☐	☐

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